

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

_____, Individually and on behalf of all
others similarly situated,

Plaintiff,

v.

BLUEBIRD BIO INC., NICK
LESCHLY, WILLIAM BAIRD,
ANDREW OBENSHAIN, GINA
CONSYLMAN, JASON COLE,
KATHERINE BREEDIS, and
CHRISTOPHER KRAWTSCHUK,
Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, public filings, wire and press releases published by and regarding bluebird bio Inc. (“bluebird” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded bluebird securities between May 5, 2019 and March 25, 2024, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’

violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased bluebird securities during the Class Period and was economically damaged thereby.

7. Defendant bluebird describes itself as “a biotechnology company committed to researching, developing, and commercializing potentially curative transformative gene therapies for severe genetic diseases based on our lentiviral vector (“LVV”) gene addition platform.”

8. Defendant bluebird is incorporated in Delaware and its head office is located at 455 Grand Union Boulevard, Somerville, Massachusetts 02145.

9. Bluebird's common stock trades on the NASDAQ Exchange ("NASDAQ") under the ticker symbol "BLUE".

10. Defendant Nick Leschly ("Leschly") served as the Company's Chief Executive Officer ("CEO") from the beginning of the Class Period through November 4, 2021.

11. Defendant William "Chip" Baird ("Baird") served as the Company's Chief Financial Officer ("CFO") from the beginning of the Class Period through November 4, 2021.

12. Defendant Andrew Obenshain ("Obenshain") has served as CEO and President since November 2021.

13. Defendant Gina Consylman ("Consylman") served as CFO from November 2021 through April 3, 2022.

14. Defendant Jason Cole ("Cole") served as the Company's Chief Strategy & Financial Officer and treasurer from April 3, 2022 until October 14, 2022. Defendant Cole had previously served as the Company's Chief Business Officer from November 2021 onwards, and prior to that, as the Company's Chief Operating and Legal Officer from February 2019 through November 2021.

15. Defendant Katherine Breedis ("Breedis") served as the Company's interim chief financial officer from October 15, 2022 until her resignation as interim CFO on November 7, 2022

16. Defendant Christopher Krawtschuk ("Krawtschuk") served as the Company's CFO from November 7, 2022 through the end of the Class Period.

17. Defendants Leschly, Baird, Obenshain, Consylman, Cole, Breedis, and Krawtschuk are collectively referred to herein as the “Individual Defendants.”

18. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company’s internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

19. Bluebird is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

20. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to bluebird under *respondeat superior* and agency principles.

21. Defendant bluebird and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

22. On May 5, 2019, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending March 31, 2019 (the “2Q19 Report”). Attached to the 2Q19 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

23. The 2Q19 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2019, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, *as of March 31, 2019, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

24. The statement in ¶ 23 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

25. The 2Q19 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of March 31, 2019
Assets	
Current Assets:	
Cash and cash equivalents	\$ 221,738
Marketable securities	1,100,079
Prepaid expenses	23,766
Receivables and other current assets	19,449
Total current assets	1,365,032
Marketable securities	408,949
Property, plant and equipment, net	114,030
Intangible assets, net	12,228
Goodwill	13,128
Operating lease right-of-use assets	184,618
Restricted cash and other non-current assets	40,630
Total assets	\$ 2,138,615
Liabilities and Stockholders' Equity	
Current Liabilities:	
Accounts payable	\$ 30,241
Accrued expenses and other current liabilities	76,152
Operating lease liability, current portion	17,566
Deferred revenue, current portion	11,490
Collaboration research advancement, current portion	11,242
Total current liabilities	146,691
Deferred revenue, net of current portion	14,777
Collaboration research advancement, net of current portion	30,746
Contingent consideration	5,526
Operating lease liability, net of current portion	168,200
Financing lease obligation, net of current portion	—
Other non-current liabilities	576
Total liabilities	366,516

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended	
	March 31,	
	2019	20
Revenue:		
Collaboration revenue	\$ 11,177	\$
License and royalty revenue	1,294	
Total revenues	12,471	
Operating expenses:		
Research and development	122,640	
General and administrative	60,279	
Cost of license and royalty revenue	430	
Change in fair value of contingent consideration	296	
Total operating expenses	183,645	
Loss from operations	(171,174)	
Interest income, net	10,102	
Other (expense) income, net	(3,389)	
Loss before income taxes	(164,461)	
Income tax benefit	15	
Net loss	\$ (164,446)	\$
Net loss per share - basic and diluted:	\$ (2.99)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	54,957	
Other comprehensive income (loss):		
Other comprehensive income (loss), net of tax expense of \$0.4 million and \$0.0 million for the three months ended March 31, 2019 and 2018, respectively	1,835	
Total other comprehensive income (loss)	1,835	
Comprehensive loss	\$ (162,611)	\$

26. The figures presented in ¶ 25 were materially false and misleading.

27. On August 1, 2019, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2019 (the “3Q19 Report”). Attached to the 3Q19 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

28. The 3Q19 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and

(2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of June 30, 2019, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, ***as of June 30, 2019, our disclosure controls and procedures were effective at the reasonable assurance level.***

(Emphasis added).

29. The statement in ¶ 28 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

30. The 3Q19 Report contained the following graphs, listing the Company's financial results:

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of June 30, 2019
Assets	
Current Assets:	
Cash and cash equivalents	\$ 280,995
Marketable securities	972,885
Prepaid expenses	25,427
Receivables and other current assets	21,473
Total current assets	1,300,780
Marketable securities	287,922
Property, plant and equipment, net	129,135
Intangible assets, net	16,480
Goodwill	13,128
Operating lease right-of-use assets	190,979
Restricted cash and other non-current assets	84,920
Total assets	\$ 2,023,344
Liabilities and Stockholders' Equity	
Current Liabilities:	
Accounts payable	\$ 29,458
Accrued expenses and other current liabilities	91,105
Operating lease liability, current portion	18,872
Deferred revenue, current portion	9,484
Collaboration research advancement, current portion	13,190
Total current liabilities	162,109
Deferred revenue, net of current portion	13,739
Collaboration research advancement, net of current portion	28,333
Contingent consideration	5,740
Operating lease liability, net of current portion	175,350
Financing lease obligation, net of current portion	—
Other non-current liabilities	1,699
Total liabilities	386,970

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended		
	June 30,		
	2019	2018	
Revenue:			
Collaboration revenue	\$ 11,558	\$ 7,437	\$
License and royalty revenue	1,738	414	
Total revenues	13,296	7,851	
Operating expenses:			
Research and development	146,540	115,014	
General and administrative	68,631	41,168	
Cost of license and royalty revenue	613	21	
Change in fair value of contingent consideration	214	262	
Total operating expenses	215,998	156,465	
Loss from operations	(202,702)	(148,614)	
Interest income, net	9,387	2,436	
Other (expense) income, net	(2,936)	182	
Loss before income taxes	(196,251)	(145,996)	
Income tax benefit	469	—	
Net loss	\$ (195,782)	\$ (145,996)	\$
Net loss per share - basic and diluted:	\$ (3.55)	\$ (2.91)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	55,165	50,153	
Other comprehensive income (loss):			
Other comprehensive income (loss), net of tax expense of \$0.8 million and \$0.0 million for the three months ended June 30, 2019 and 2018, respectively, and \$1.3 million and \$0.0 million for the six months ended June 30, 2019 and 2018, respectively	973	(345)	
Total other comprehensive income (loss)	973	(345)	
Comprehensive loss	\$ (194,809)	\$ (146,341)	\$

See accompanying notes to unaudited condensed consolidated financial statements.

31. The figures presented in ¶ 30 were materially false and misleading.

32. On February 18, 2020, the Company filed with the SEC its annual report on Form 10-K for the year ending December 31, 2019 (the “2019 Annual Report”). Attached to the 2019 Annual Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

33. The 2019 Annual Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Under the supervision and with the participation of management, including our principal executive and financial officers, we assessed our internal control over financial reporting

as of December 31, 2019, based on criteria for effective internal control over financial reporting established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management’s assessment of the effectiveness of our internal control over financial reporting included testing and evaluating the design and operating effectiveness of our internal controls. ***In our management’s opinion, we have maintained effective internal control over financial reporting as of December 31, 2019, based on criteria established in the COSO 2013 framework.***

(Emphasis added).

34. The statement in ¶ 33 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

35. The 2019 Annual Report contained the following graphs, listing the Company’s financial results:

bluebird bio, Inc.

Consolidated Balance Sheets
(in thousands, except per share amounts)

	As of Dec
	2019
Assets	
Current assets:	
Cash and cash equivalents	\$ 327,214
Marketable securities	779,246
Prepaid expenses	32,888
Receivables and other current assets	12,826
Total current assets	1,152,174
Marketable securities	131,506
Property, plant and equipment, net	151,176
Intangible assets, net	14,326
Goodwill	13,128
Operating lease right-of-use assets	185,885
Restricted cash and other non-current assets	79,229
Total assets	\$ 1,727,424
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 42,995
Accrued expenses and other current liabilities	141,556
Operating lease liability, current portion	20,175
Deferred revenue, current portion	8,474
Collaboration research advancement, current portion	10,380
Total current liabilities	223,580
Deferred revenue, net of current portion	9,791
Collaboration research advancement, net of current portion	27,834
Contingent consideration	7,977
Operating lease liability, net of current portion	170,812
Financing lease obligation, net of current portion	—
Other non-current liabilities	2,437
Total liabilities	\$ 442,431

bluebird bio, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)

	Year
	2019
Revenue:	
Collaboration revenue	\$ 36,469
License and royalty revenue	8,205
Total revenues	44,674
Operating expenses:	
Research and development	582,413
Selling, general and administrative	271,362
Cost of license and royalty revenue	2,978
Change in fair value of contingent consideration	2,747
Total operating expenses	859,500
Loss from operations	(814,826)
Interest income (expense), net	34,761
Other (expense) income, net	(10,088)
Loss before income taxes	(790,153)
Income tax benefit (expense)	545
Net loss	(789,608)
Net loss per share - basic and diluted	(14.31)
Weighted-average number of common shares used in computing net loss per share - basic and diluted	55,191
Other comprehensive income (loss):	
Other comprehensive income (loss), net of tax expense of \$1.2, \$0.4 and \$0.0 million for the years ended December 31, 2019, 2018 and 2017, respectively	1,734
Total other comprehensive income (loss)	1,734
Comprehensive loss	\$ (787,874)

36. The figures presented in ¶ 35 were materially false and misleading.

37. On May 11, 2020, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending March 31, 2020 (the “1Q20 Report”). Attached to the 1Q20 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

38. The 1Q20 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported

within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2020, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, *as of March 31, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

39. The statement in ¶ 38 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

40. The 1Q20 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of March 31,	
	2020	
Assets		
Current assets:		
Cash and cash equivalents	\$ 346,629	\$
Marketable securities	564,054	
Prepaid expenses	40,209	
Receivables and other current assets	16,575	
Total current assets	967,467	
Marketable securities	107,674	
Property, plant and equipment, net	153,920	
Intangible assets, net	13,254	
Goodwill	13,128	
Operating lease right-of-use assets	194,469	
Restricted cash and other non-current assets	79,192	
Total assets	\$ 1,529,104	\$
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,527	\$
Accrued expenses and other current liabilities	118,091	
Operating lease liability, current portion	20,380	
Deferred revenue, current portion	6,355	
Collaboration research advancement, current portion	9,069	
Total current liabilities	184,422	
Deferred revenue, net of current portion	9,791	
Collaboration research advancement, net of current portion	26,843	
Contingent consideration	4,869	
Operating lease liability, net of current portion	179,962	
Other non-current liabilities	2,784	
Total liabilities	408,671	
Commitments and contingencies (Note 8)		

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months 2020
Revenue:	
Service revenue	\$ 16,833
Collaborative arrangement revenue	2,302
Royalty revenue	2,728
Total revenues	21,863
Operating expenses:	
Research and development	154,123
Selling, general and administrative	73,248
Cost of royalty revenue	1,025
Change in fair value of contingent consideration	(3,108)
Total operating expenses	225,288
Loss from operations	(203,425)
Interest income, net	5,355
Other expense, net	(4,447)
Loss before income taxes	(202,517)
Income tax (expense) benefit	(94)
Net loss	\$ (202,611)
Net loss per share - basic and diluted:	\$ (3.64)
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	55,590
Other comprehensive (loss) income:	
Other comprehensive (loss) income, net of tax expense of \$0.0 million and \$0.4 million for the three months ended March 31, 2020 and 2019, respectively	(906)
Total other comprehensive (loss) income	(906)
Comprehensive loss	\$ (203,517)

41. The figures presented in ¶ 40 were materially false and misleading.

42. On August 5, 2020, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2020 (the “2Q20 Report”). Attached to the 2Q20 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

43. The 2Q20 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported

within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of June 30, 2020, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, ***as of June 30, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.***

(Emphasis added).

44. The statement in ¶ 43 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

45. The 2Q20 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of June 30, 2020
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,198,768
Marketable securities	350,614
Prepaid expenses	39,358
Receivables and other current assets	24,705
Total current assets	<u>1,613,445</u>
Marketable securities	49,411
Property, plant and equipment, net	155,376
Intangible assets, net	12,183
Goodwill	13,128
Operating lease right-of-use assets	189,464
Restricted cash and other non-current assets	74,783
Total assets	<u>\$ 2,107,790</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 26,181
Accrued expenses and other current liabilities	135,612
Operating lease liability, current portion	20,955
Deferred revenue, current portion	3,915
Collaboration research advancement, current portion	10,518
Total current liabilities	<u>197,181</u>
Deferred revenue, net of current portion	25,762
Collaboration research advancement, net of current portion	23,917
Operating lease liability, net of current portion	174,564
Other non-current liabilities	4,335
Total liabilities	<u>425,759</u>

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income
(unaudited)
(in thousands, except per share data)

	For the three months ended	
	2020	2019
Revenue:		
Service revenue	\$ 78,357	\$ 78,357
Collaborative arrangement revenue	109,674	109,674
Royalty and other revenue	10,859	10,859
Total revenues	198,890	198,890
Operating expenses:		
Research and development	156,308	156,308
Selling, general and administrative	68,628	68,628
Cost of royalty and other revenue	1,554	1,554
Change in fair value of contingent consideration	(1,655)	(1,655)
Total operating expenses	224,835	224,835
Loss from operations	(25,945)	(25,945)
Interest income, net	2,939	2,939
Other income (expense), net	1,551	1,551
Loss before income taxes	(21,455)	(21,455)
Income tax (expense) benefit	(10)	(10)
Net loss	\$ (21,465)	\$ (21,465)
Net loss per share - basic and diluted:	\$ (0.36)	\$ (0.36)
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	60,384	60,384
Other comprehensive income (loss):		
Other comprehensive income (loss), net of tax expense of \$0.1 million and \$0.8 million for the three months ended June 30, 2020 and 2019, respectively, and \$0.1 million and \$1.3 million for the six months ended June 30, 2020 and 2019, respectively	399	399
Total other comprehensive income (loss)	399	399
Comprehensive loss	\$ (21,066)	\$ (21,066)

46. The figures presented in ¶ 45 were materially false and misleading.

47. On November 4, 2020, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending September 30, 2020 (the “3Q20 Report”). Attached to the 3Q20 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

48. The 3Q20 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of September 30, 2020, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, *as of September 30, 2020, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

49. The statement in ¶ 48 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

50. The 3Q20 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of September 30, 2020
Assets	
Current assets:	
Cash and cash equivalents	\$ 324,164
Marketable securities	906,091
Prepaid expenses	35,422
Receivables and other current assets	27,517
Total current assets	1,293,194
Marketable securities	207,615
Property, plant and equipment, net	157,681
Intangible assets, net	11,112
Goodwill	13,128
Operating lease right-of-use assets	188,450
Restricted cash and other non-current assets	74,304
Total assets	\$ 1,945,484
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 25,309
Accrued expenses and other current liabilities	138,274
Operating lease liability, current portion	22,218
Deferred revenue, current portion	1,061
Collaboration research advancement, current portion	10,045
Total current liabilities	196,907
Deferred revenue, net of current portion	25,762
Collaboration research advancement, net of current portion	21,968
Operating lease liability, net of current portion	173,075
Other non-current liabilities	4,751
Total liabilities	422,463

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

(in thousands, except per share data)

	For the three months ended September 30,		For
	2020	2019	
Revenue:			
Service revenue	\$ 13,352	\$ 4,598	\$
Collaborative arrangement revenue	2,422	1,977	
Royalty and other revenue	3,499	2,335	
Total revenues	19,273	8,910	
Operating expenses:			
Research and development	140,431	151,412	
Selling, general and administrative	68,046	66,250	
Cost of royalty and other revenue	1,318	862	
Change in fair value of contingent consideration	(828)	802	
Total operating expenses	208,967	219,326	
Loss from operations	(189,694)	(210,416)	
Interest income, net	1,964	8,417	
Other expense, net	(6,686)	(4,298)	
Loss before income taxes	(194,416)	(206,297)	
Income tax (expense) benefit	(329)	264	
Net loss	\$ (194,745)	\$ (206,033)	\$
Net loss per share - basic and diluted:	\$ (2.94)	\$ (3.73)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:			
	66,251	55,292	
Other comprehensive (loss) income:			
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.1 million and \$0.0 million for the three months ended September 30, 2020 and 2019, respectively, and \$0.0 million and \$(1.3) million for the nine months ended September 30, 2020 and 2019, respectively	(1,823)	(2,032)	
Total other comprehensive (loss) income	(1,823)	(2,032)	
Comprehensive loss	\$ (196,568)	\$ (208,065)	\$

51. The figures presented in ¶ 50 were materially false and misleading.

52. On February 23, 2021, the Company filed with the SEC its annual report on Form 10-K for the year ending December 31, 2020 (the “2020 Annual Report”). Attached to the 2020 Annual Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

53. The 2020 Annual Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Under the supervision and with the participation of management, including our principal executive and financial officers, we assessed our internal control over financial reporting as of December 31, 2020, based on criteria for effective internal control over financial reporting established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management’s assessment of the effectiveness of our internal control over financial reporting included testing and evaluating the design and operating effectiveness of our internal controls. In our management’s opinion, we have maintained effective internal control over financial reporting *as of December 31, 2020, based on criteria established in the COSO 2013 framework.*

(Emphasis added).

54. The statement in ¶ 53 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

55. The 2020 Annual Report contained the following graphs, listing the Company’s financial results:

bluebird bio, Inc.	
Consolidated Balance Sheets	
(in thousands, except per share amounts)	
	As of Decem 2020
Assets	
Current assets:	
Cash and cash equivalents	\$ 317,705 \$
Marketable securities	833,546
Prepaid expenses	37,472
Receivables and other current assets	26,814
Total current assets	<u>1,215,537</u>
Marketable securities	122,891
Property, plant and equipment, net	162,831
Intangible assets, net	10,041
Goodwill	13,128
Operating lease right-of-use assets	184,019
Restricted cash and other non-current assets	72,805
Total assets	<u>\$ 1,781,252 \$</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 21,602 \$
Accrued expenses and other current liabilities	145,406
Operating lease liability, current portion	25,024
Deferred revenue, current portion	2,320
Collaboration research advancement, current portion	9,236
Total current liabilities	<u>203,588</u>
Deferred revenue, net of current portion	25,762
Collaboration research advancement, net of current portion	21,581
Operating lease liability, net of current portion	167,997
Other non-current liabilities	7,268
Total liabilities	<u>\$ 426,196 \$</u>

bluebird bio, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)

	Year ended	
	2020	2019
Revenue:		
Service revenue	\$ 114,064	\$ 114,064
Collaborative arrangement revenue	115,594	115,594
Royalty and other revenue	21,076	21,076
Total revenues	250,734	250,734
Operating expenses:		
Research and development	587,956	587,956
Selling, general and administrative	286,896	286,896
Cost of royalty and other revenue	5,396	5,396
Change in fair value of contingent consideration	(6,468)	(6,468)
Total operating expenses	873,780	873,780
Loss from operations	(623,046)	(623,046)
Interest income, net	11,539	11,539
Other (expense) income, net	(6,502)	(6,502)
Loss before income taxes	(618,009)	(618,009)
Income tax (expense) benefit	(686)	(686)
Net loss	\$ (618,695)	\$ (618,695)
Net loss per share - basic and diluted	\$ (9.95)	\$ (9.95)
Weighted-average number of common shares used in computing net loss per share - basic and diluted	62,178	62,178
Other comprehensive (loss) income:		
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.0 million, \$(1.2) million and \$(0.4) million for the years ended December 31, 2020, 2019 and 2018, respectively	(3,612)	(3,612)
Total other comprehensive (loss) income	(3,612)	(3,612)
Comprehensive loss	\$ (622,307)	\$ (622,307)

56. The figures presented in ¶ 55 were materially false and misleading.

57. On May 5, 2021, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending March 31, 2021 (the “1Q21 Report”). Attached to the 1Q21 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

58. The 1Q21 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (2) accumulated and

communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2021, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, *as of March 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

59. The statement in ¶ 58 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

60. The 1Q21 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of March 31, 2021
Assets	
Current assets:	
Cash and cash equivalents	\$ 439,714
Marketable securities	572,722
Prepaid expenses	42,258
Receivables and other current assets	24,762
Inventory	18,079
Total current assets	1,097,535
Marketable securities	81,115
Property, plant and equipment, net	165,198
Intangible assets, net	11,469
Goodwill	13,128
Operating lease right-of-use assets	197,970
Restricted cash and other non-current assets	70,864
Total assets	\$ 1,637,279
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 20,232
Accrued expenses and other current liabilities	146,791
Operating lease liability, current portion	28,063
Deferred revenue, current portion	1,330
Collaboration research advancement, current portion	9,899
Total current liabilities	206,315
Deferred revenue, net of current portion	25,762
Collaboration research advancement, net of current portion	19,399
Operating lease liability, net of current portion	177,702
Other non-current liabilities	7,768
Total liabilities	436,946
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at March 31, 2021 and December 31, 2020	—
Common stock, \$0.01 par value, 125,000 shares authorized; 67,422 and 66,432 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	675
Additional paid-in capital	4,311,462
Accumulated other comprehensive loss	(5,449)
Accumulated deficit	(3,106,355)
Total stockholders' equity	1,200,333
Total liabilities and stockholders' equity	\$ 1,637,279

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended 2021
Revenue:	
Service revenue	\$ 5,918
Collaborative arrangement revenue	1,519
Royalty and other revenue	5,357
Total revenues	<u>12,794</u>
Operating expenses:	
Research and development	154,478
Selling, general and administrative	86,874
Cost of royalty and other revenue	2,281
Change in fair value of contingent consideration	369
Total operating expenses	<u>244,002</u>
Loss from operations	(231,208)
Interest income, net	710
Other income (expense), net	24,756
Loss before income taxes	(205,742)
Income tax expense	(66)
Net loss	<u>\$ (205,808)</u>
Net loss per share - basic and diluted:	<u>\$ (3.07)</u>
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	<u>66,976</u>
Other comprehensive income (loss):	
Other comprehensive income (loss), net of tax benefit (expense) of \$0.0 million for the three months ended March 31, 2021 and 2020	56
Total other comprehensive income (loss)	56
Comprehensive loss	<u>\$ (205,752)</u>

61. The figures presented in ¶ 60 were materially false and misleading.

62. On August 9, 2021, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2021 (the “2Q21 Report”). Attached to the 2Q21 Report were certifications pursuant to SOX signed by Defendants Leschly and Baird attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

63. The 2Q21 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported

within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of June 30, 2021, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, ***as of June 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.***

(Emphasis added).

64. The statement in ¶ 63 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

65. The 2Q21 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of June 30, 2021
Assets	
Current assets:	
Cash and cash equivalents	\$ 353,468
Marketable securities	486,233
Prepaid expenses	33,726
Receivables and other current assets	16,597
Inventory	13,502
Total current assets	903,526
Marketable securities	101,927
Property, plant and equipment, net	158,820
Intangible assets, net	16,263
Goodwill	13,128
Operating lease right-of-use assets	190,993
Restricted cash and other non-current assets	69,802
Total assets	<u>\$ 1,454,459</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 39,294
Accrued expenses and other current liabilities	168,035
Operating lease liability, current portion	28,669
Deferred revenue, current portion	2,687
Collaboration research advancement, current portion	9,080
Total current liabilities	247,765
Deferred revenue, net of current portion	25,762
Collaboration research advancement, net of current portion	18,547
Operating lease liability, net of current portion	169,933
Other non-current liabilities	7,891
Total liabilities	469,898
Commitments and contingencies (<i>Note 9</i>)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at June 30, 2021 and December 31, 2020	—
Common stock, \$0.01 par value, 125,000 shares authorized; 67,551 and 66,432 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	676
Additional paid-in capital	4,337,719
Accumulated other comprehensive loss	(5,777)
Accumulated deficit	(3,348,057)
Total stockholders' equity	984,561
Total liabilities and stockholders' equity	<u>\$ 1,454,459</u>

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

(in thousands, except per share data)

	For the three months ended June 30,		Fo
	2021	2020	
Revenue:			
Service revenue	\$ 5,314	\$ 78,357	\$
Collaborative arrangement revenue	1,670	109,674	
Royalty and other revenue	488	10,859	
Total revenues	7,472	198,890	
Operating expenses:			
Research and development	144,315	156,308	
Selling, general and administrative	78,576	68,628	
Share of collaboration loss	10,071	—	
Cost of royalty and other revenue	15,301	1,554	
Change in fair value of contingent consideration	47	(1,655)	
Total operating expenses	248,310	224,835	
Loss from operations	(240,838)	(25,945)	
Interest income, net	439	2,939	
Other (expense) income, net	(1,087)	1,551	
Loss before income taxes	(241,486)	(21,455)	
Income tax expense	(216)	(10)	
Net loss	\$ (241,702)	\$ (21,465)	\$
Net loss per share - basic and diluted:	\$ (3.58)	\$ (0.36)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	67,487	60,384	
Other comprehensive (loss) income:			
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.0 million and \$(0.1) million for the three and six months ended June 30, 2021 and 2020, respectively.	(328)	399	
Total other comprehensive (loss) income	(328)	399	
Comprehensive loss	\$ (242,030)	\$ (21,066)	\$

66. The figures presented in ¶ 65 were materially false and misleading.

67. On November 5, 2021, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending September 30, 2021 (the “3Q21 Report”). Attached to the 3Q21 Report were certifications pursuant to SOX signed by Defendants Obenshain and Consylman attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

68. The 3Q21 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of September 30, 2021, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, *as of September 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

69. The statement in ¶ 68 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

70. The 3Q21 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of September 30, 2021
Assets	
Current assets:	
Cash and cash equivalents	\$ 402,461
Marketable securities	375,140
Prepaid expenses	30,712
Receivables and other current assets	23,246
Inventory	766
Total current assets	832,325
Marketable securities	193,129
Property, plant and equipment, net	45,745
Intangible assets, net	11,009
Goodwill	12,056
Operating lease right-of-use assets	174,435
Restricted cash and other non-current assets	70,945
Total assets	\$ 1,339,644
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 21,668
Accrued expenses and other current liabilities	203,790
Operating lease liability, current portion	29,441
Deferred revenue, current portion	2,530
Collaboration research advancement, current portion	9,130
Total current liabilities	266,559
Deferred revenue, net of current portion	25,761
Collaboration research advancement, net of current portion	16,767
Operating lease liability, net of current portion	152,126
Other non-current liabilities	7,904
Total liabilities	469,117
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at September 30, 2021 and December 31, 2020	—
Common stock, \$0.01 par value, 125,000 shares authorized; 70,097 and 66,432 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	701
Additional paid-in capital	4,440,605
Accumulated other comprehensive loss	(5,906)
Accumulated deficit	(3,564,873)
Total stockholders' equity	870,527
Total liabilities and stockholders' equity	\$ 1,339,644

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended September 30,		For the ni
	2021	2020	202
Revenue:			
Service revenue	\$ 6,312	\$ 13,352	\$
Collaborative arrangement revenue	14,831	2,422	
Royalty and other revenue	1,534	3,499	
Total revenues	22,677	19,273	
Operating expenses:			
Research and development	131,427	140,431	4
Selling, general and administrative	68,277	68,046	2
Share of collaboration loss	—	—	
Cost of royalty and other revenue	19,704	1,318	
Restructuring expense	20,175	—	
Change in fair value of contingent consideration	48	(828)	
Total operating expenses	239,631	208,967	7
Loss from operations	(216,954)	(189,694)	(€
Interest income, net	319	1,964	
Other income (expense), net	(294)	(6,686)	
Loss before income taxes	(216,929)	(194,416)	(€
Income tax benefit (expense)	113	(329)	
Net loss	\$ (216,816)	\$ (194,745)	\$ (€
Net loss per share - basic and diluted:	\$ (3.16)	\$ (2.94)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	68,621	66,251	
Other comprehensive loss:			
Other comprehensive loss, net of tax benefit (expense) of \$0.0 million and \$0.1 million for the three months ended September 30, 2021 and 2020, respectively, and \$0.0 million for the nine months ended September 30, 2021 and 2020.	(129)	(1,823)	
Total other comprehensive loss	(129)	(1,823)	
Comprehensive loss	\$ (216,945)	\$ (196,568)	\$ (€

71. The figures presented in ¶ 70 were materially false and misleading.

72. On March 4, 2022, the Company filed with the SEC its annual report on Form 10-k for the year ending December 31, 2021 (the “2021 Annual Report”). Attached to the 2021 Annual Report were certifications pursuant to SOX signed by Defendants Obenshain and Consylman attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

73. The 2021 Annual Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Under the supervision and with the participation of management, including our principal executive and financial officers, we assessed our internal control over financial reporting as of December 31, 2021, based on criteria for effective internal control over financial reporting established in Internal Control — Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management's assessment of the effectiveness of our internal control over financial reporting included testing and evaluating the design and operating effectiveness of our internal controls. In our management's opinion, we have maintained effective internal control over financial reporting *as of December 31, 2021, based on criteria established in the COSO 2013 framework.*

(Emphasis added).

74. The statement in ¶ 73 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

75. On May 9, 2022, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending March 31, 2022 (the "1Q22 Report"). Attached to the 1Q22 Report were certifications pursuant to SOX signed by Defendants Obenshain and Cole attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

76. The 1Q22 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), *as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

77. The statement in ¶ 76 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

78. The 1Q22 Report contained the following graphs, listing the Company's financial results:

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

bluebird bio, Inc.		
Condensed Consolidated Balance Sheets		
(unaudited)		
(in thousands, except par value amounts)		
	As of March 31, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 106,260	\$ 161,160
Marketable securities	105,328	138,343
Prepaid expenses	31,798	25,628
Receivables and other current assets	11,531	11,389
Total current assets	254,917	336,520
Marketable securities	55,049	97,114
Property, plant and equipment, net	11,234	9,706
Goodwill	5,646	5,646
Operating lease right-of-use assets	111,897	91,532
Restricted cash and other non-current assets	52,328	53,277
Total assets	\$ 491,071	\$ 593,795
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 28,350	\$ 25,883
Accrued expenses and other current liabilities	89,032	103,958
Operating lease liability, current portion	25,510	23,152
Total current liabilities	142,892	152,993
Operating lease liability, net of current portion	84,828	66,432
Other non-current liabilities	92	93
Total liabilities	227,812	219,518
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at March 31, 2022 and December 31, 2021	—	—
Common stock, \$0.01 par value, 125,000 shares authorized; 71,438 and 71,115 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	714	711
Additional paid-in capital	4,109,081	4,096,402
Accumulated other comprehensive loss	(4,459)	(2,911)
Accumulated deficit	(3,842,077)	(3,719,925)
Total stockholders' equity	263,259	374,277
Total liabilities and stockholders' equity	\$ 491,071	\$ 593,795

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended March 31,	
	2022	2021
Revenue:		
Product revenue	\$ 1,408	\$ 724
Other revenue	537	170
Total revenues	1,945	894
Operating expenses:		
Research and development	77,875	82,843
Selling, general and administrative	36,106	63,569
Cost of product revenue	8,310	576
Total operating expenses	122,291	146,988
Loss from operations	(120,346)	(146,094)
Interest income, net	106	355
Other (expense) income, net	(1,912)	24,301
Loss before income taxes	(122,152)	(121,438)
Income tax (expense) benefit	—	(66)
Net loss from continuing operations	(122,152)	(121,504)
Net loss from discontinued operations	—	(84,304)
Net loss	\$ (122,152)	\$ (205,808)
Net loss per share from continuing operations - basic and diluted	\$ (1.66)	\$ (1.81)
Net loss per share from discontinued operations - basic and diluted	\$ —	\$ (1.26)
Net loss per share - basic and diluted	\$ (1.66)	\$ (3.07)
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	73,688	66,976
Other comprehensive (loss) income:		
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.0 million for the three months ended March 31, 2022 and 2021	(1,548)	56
Total other comprehensive (loss) income	(1,548)	56
Comprehensive loss	\$ (123,700)	\$ (205,752)

79. The figures presented in ¶ 78 were materially false and misleading because lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

80. On August 4, 2022, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2022 (the “2Q22 Report”). Attached to the 2Q22 Report were certifications pursuant to SOX signed by Defendants Obenshain and Cole attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

81. The 2Q22 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), *as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

82. The statement in ¶ 81 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

83. The 2Q22 Report contained the following graphs, listing the Company’s financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of June 30, 2022	As of December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 81,499	\$ 161,160
Marketable securities	51,010	138,343
Prepaid expenses	24,473	25,628
Receivables and other current assets	10,476	11,389
Total current assets	167,458	336,520
Marketable securities	40,641	97,114
Property, plant and equipment, net	14,566	9,706
Goodwill	5,646	5,646
Operating lease right-of-use assets	292,731	91,532
Restricted cash and other non-current assets	52,550	53,277
Total assets	<u>\$ 573,592</u>	<u>\$ 593,795</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 24,865	\$ 25,883
Accrued expenses and other current liabilities	75,550	103,958
Operating lease liability, current portion	48,446	23,152
Total current liabilities	148,861	152,993
Operating lease liability, net of current portion	244,522	66,432
Other non-current liabilities	93	93
Total liabilities	393,476	219,518
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at June 30, 2022 and December 31, 2021	—	—
Common stock, \$0.01 par value, 125,000 shares authorized; 73,551 and 71,115 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	735	711
Additional paid-in capital	4,126,012	4,096,402
Accumulated other comprehensive loss	(4,416)	(2,911)
Accumulated deficit	(3,942,215)	(3,719,925)
Total stockholders' equity	180,116	374,277
Total liabilities and stockholders' equity	<u>\$ 573,592</u>	<u>\$ 593,795</u>

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended June 30,		For the six
	2022	2021	2022
Revenue:			
Product revenue	\$ 1,331	\$ —	\$ 2
Other revenue	188	143	
Total revenues	1,519	143	3
Operating expenses:			
Research and development	63,841	84,645	141
Selling, general and administrative	36,694	54,984	72
Cost of product revenue	1,745	15,215	10
Restructuring expenses	6,639	—	6
Total operating expenses	108,919	154,844	231
Loss from operations	(107,400)	(154,701)	(227)
Interest income, net	174	218	
Other (expense) income, net	7,088	(1,274)	5
Loss before income taxes	(100,138)	(155,757)	(222)
Income tax (expense) benefit	—	(216)	
Net loss from continuing operations	(100,138)	(155,973)	(222)
Net loss from discontinued operations	—	(85,729)	
Net loss	\$ (100,138)	\$ (241,702)	\$ (222)
Net loss per share from continuing operations - basic and diluted	\$ (1.36)	\$ (2.31)	\$ (
Net loss per share from discontinued operations - basic and diluted	\$ —	\$ (1.27)	\$
Net loss per share - basic and diluted	\$ (1.36)	\$ (3.58)	\$ (
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	73,767	67,487	73
Other comprehensive (loss) income:			
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.0 million for the three and six months ended June 30, 2022 and 2021	43	(328)	(1
Total other comprehensive (loss) income	43	(328)	(1
Comprehensive loss	\$ (100,095)	\$ (242,030)	\$ (223

84. The figures presented in ¶ 83 were materially false and misleading because lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

85. On November 7, 2022, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending September 30, 2022 (the “3Q22 Report”). Attached to the

3Q22 Report were certifications pursuant to SOX signed by Defendants Obenshain and Breedis attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

86. The 3Q22 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(Emphasis added).

87. The statement in ¶ 86 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

88. The 3Q22 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of September 30, 2022
Assets	
Current assets:	
Cash and cash equivalents	\$ 66,478
Marketable securities	73,155
Prepaid expenses	8,270
Receivables and other current assets	12,535
Total current assets	160,438
Marketable securities	1,407
Property, plant and equipment, net	11,535
Goodwill	5,646
Operating lease right-of-use assets	288,684
Restricted cash and other non-current assets	52,388
Total assets	\$ 520,098
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 18,622
Accrued expenses and other current liabilities	64,314
Operating lease liability, current portion	43,791
Total current liabilities	126,727
Operating lease liability, net of current portion	234,422
Other non-current liabilities	92
Total liabilities	361,241
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at September 30, 2022 and December 31, 2021	—
Common stock, \$0.01 par value, 125,000 shares authorized; 82,880 and 71,115 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	829
Additional paid-in capital	4,181,393
Accumulated other comprehensive loss	(4,630)
Accumulated deficit	(4,018,735)
Total stockholders' equity	158,857
Total liabilities and stockholders' equity	\$ 520,098

See accompanying notes to unaudited condensed consolidated financial statements.

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended September 30,		For the
	2022	2021	2022
Revenue:			
Product revenue	\$ —	\$ 768	\$
Other revenue	71	251	
Total revenues	71	1,019	
Operating expenses:			
Research and development	53,149	73,679	19
Selling, general and administrative	33,402	42,229	10
Cost of product revenue	—	19,385	10
Restructuring expenses	(1,699)	20,175	4
Total operating expenses	84,852	155,468	31
Loss from operations	(84,781)	(154,449)	(31
Interest income, net	383	160	
Other (expense) income, net	7,885	1,342	1
Loss before income taxes	(76,513)	(152,947)	(29
Income tax (expense) benefit	(7)	113	
Net loss from continuing operations	(76,520)	(152,834)	(29
Net loss from discontinued operations	—	(63,982)	
Net loss	\$ (76,520)	\$ (216,816)	\$ (29
Net loss per share from continuing operations - basic and diluted	\$ (0.94)	\$ (2.23)	\$
Net loss per share from discontinued operations - basic and diluted	\$ —	\$ (0.93)	\$
Net loss per share - basic and diluted	\$ (0.94)	\$ (3.16)	\$
Weighted-average number of common shares used in computing net loss per share - basic and diluted:	81,543	68,621	7
Other comprehensive (loss) income:			
Other comprehensive (loss) income, net of tax benefit (expense) of \$0.0 million for the three and nine months ended September 30, 2022 and 2021	(214)	(129)	(1
Total other comprehensive (loss) income	(214)	(129)	(1
Comprehensive loss	\$ (76,734)	\$ (216,945)	\$ (30

89. The figures presented in ¶ 88 were materially false and misleading because lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

90. On March 29, 2023, the Company filed with the SEC its annual report on Form 10-k for the year ending December 31, 2022 (the “2022 Annual Report”). Attached to the 2022 Annual Report were certifications pursuant to SOX signed by Defendants Obenshain and

Krawtschuk attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

91. The 2022 Annual Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ***Based on that evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.***

(Emphasis added).

92. The statement in ¶ 91 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

93. The 2022 Annual Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.

Consolidated Balance Sheets
(in thousands, except per share amounts)

	As of December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 113,006	\$ 161,160
Marketable securities	67,321	138,343
Prepaid expenses	8,374	25,628
Receivables and other current assets	10,787	11,389
Total current assets	199,488	336,520
Marketable securities	1,414	97,114
Property, plant and equipment, net	9,362	9,706
Intangible assets, net	4,868	—
Goodwill	5,646	5,646
Operating lease right-of-use assets	281,996	91,532
Restricted cash and other non-current assets	52,128	53,277
Total assets	\$ 554,902	\$ 593,795
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 25,092	\$ 25,883
Accrued expenses and other current liabilities	51,985	103,958
Operating lease liability, current portion	51,160	23,152
Total current liabilities	128,237	152,993
Operating lease liability, net of current portion	230,230	66,432
Other non-current liabilities	92	93
Total liabilities	\$ 358,559	\$ 219,518
Commitments and contingencies <i>Note 11</i>		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at December 31, 2022 and December 31, 2021	\$ —	\$ —
Common stock, \$0.01 par value, 125,000 shares authorized; 82,923 and 71,115 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	830	711
Additional paid-in capital	4,186,086	4,096,402
Accumulated other comprehensive loss	(4,070)	(2,911)
Accumulated deficit	(3,986,503)	(3,719,925)
Total stockholders' equity	196,343	374,277
Total liabilities and stockholders' equity	\$ 554,902	\$ 593,795

See accompanying notes to consolidated financial statements.

bluebird bio, Inc.

Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)

	Year ended December 31,	
	2022	2021
Revenue:		
Product revenue	\$ 2,739	\$ 2,850
Other revenue	858	812
Total revenues	3,597	3,662
Operating expenses:		
Research and development	240,764	319,946
Selling, general and administrative	136,908	209,969
Cost of product revenue	10,077	38,857
Restructuring expense	4,940	25,801
Total operating expenses	392,689	594,573
Gain from sale of priority review voucher, net	102,000	—
Loss from operations	(287,092)	(590,911)
Interest income, net	1,032	879
Other income (expense), net	19,599	27,652
Loss before income taxes	(266,461)	(562,380)
Income tax (expense) benefit	(117)	(258)
Net loss from continuing operations	(266,578)	(562,638)
Net loss from discontinued operations	—	(256,740)
Net loss	\$ (266,578)	\$ (819,378)
Net loss per share from continuing operations—basic and diluted	\$ (3.39)	\$ (8.16)
Net loss per share from discontinued operations—basic and diluted	\$ —	\$ (3.73)
Net loss per share—basic and diluted	\$ (3.39)	\$ (11.89)
Weighted-average number of common shares used in computing net loss per share—basic and diluted	78,585	68,910
Other comprehensive income (loss):		
Other comprehensive income (loss), net of tax benefit (expense) of \$0.0 million, \$0.0 million and \$0.0 million for the years ended December 31, 2022, 2021 and 2020, respectively	(1,159)	2,364
Total other comprehensive income (loss)	(1,159)	2,364
Comprehensive loss	\$ (267,737)	\$ (817,014)

See accompanying notes to consolidated financial statements.

94. The figures presented in ¶ 93 were materially false and misleading because lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

95. On May 9, 2023, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending March 31, 2023 (the “1Q23 Report”). Attached to the 1Q23 Report were certifications pursuant to SOX signed by Defendants Obenshain and Krawtschuk attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

96. The 1Q23 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), *as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

97. The statement in ¶ 96 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

98. The 1Q23 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	<u>As of March 31, 2023</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 239,045
Marketable securities	79,212
Prepaid expenses	13,466
Inventory	3,809
Receivables and other current assets	15,539
Total current assets	351,071
Marketable securities	—
Property, plant and equipment, net	8,718
Goodwill	5,646
Intangible Assets	5,613
Operating lease right-of-use assets	270,153
Restricted cash and other non-current assets	51,535
Total assets	\$ 692,736
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 19,235
Accrued expenses and other current liabilities	45,294
Operating lease liability, current portion	51,404
Total current liabilities	115,933
Operating lease liability, net of current portion	221,971
Other non-current liabilities	92
Total liabilities	337,996
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at March 31, 2023 and December 31, 2022	—
Common stock, \$0.01 par value, 125,000 shares authorized; 106,370 and 82,923 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1,064
Additional paid-in capital	4,322,025
Accumulated other comprehensive loss	(3,086)
Accumulated deficit	(3,965,263)
Total stockholders' equity	354,740
Total liabilities and stockholders' equity	\$ 692,736

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended March 31,	
	2023	2022
Revenue:		
Product revenue, net	\$ 2,296	\$ 1,408
Other revenue	85	537
Total revenues	2,381	1,945
Cost of product revenue	3,376	8,310
Gross margin	(995)	(6,365)
Operating expenses:		
Selling, general and administrative	37,354	36,106
Research and development	46,144	77,875
Total operating expenses	83,498	113,981
Gain from sale of priority review voucher, net	92,930	—
Income (loss) from operations	8,437	(120,346)
Interest income, net	2,825	106
Other income (expense), net	9,978	(1,912)
Income (loss) before income taxes	21,240	(122,152)
Income tax (expense) benefit	—	—
Net income (loss)	\$ 21,240	\$ (122,152)
Net income (loss) per share - basic	\$ 0.21	\$ (1.66)
Net income (loss) per share - diluted	\$ 0.21	\$ —
Weighted-average number of common shares used in computing net income (loss) per share - basic:	102,920	73,688
Weighted-average number of common shares used in computing net income (loss) per share - diluted:	103,303	—
Other comprehensive income (loss):		
Other comprehensive income (loss), net of tax benefit (expense) of \$0.0 million for the three months ended March 31, 2023 and 2022	984	(1,548)
Total other comprehensive income (loss)	984	(1,548)
Comprehensive income (loss)	\$ 22,224	\$ (123,700)

99. The figures presented in ¶ 98 were materially false and misleading because understated lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

100. On August 8, 2023, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2023 (the “2Q23 Report”). Attached to the 2Q23 Report were certifications pursuant to SOX signed by Defendants Obenshain and Krawtschuk attesting

to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

101. The 2Q23 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), *as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

102. The statement in ¶ 101 was materially false and misleading at the time it was made because the Company had ineffective internal controls.

103. The 2Q23 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	As of June 30, 2023
Assets	
Current assets:	
Cash and cash equivalents	\$ 172,872
Marketable securities	72,431
Prepaid expenses	13,597
Inventory	13,642
Receivables and other current assets	15,435
Total current assets	287,977
Marketable securities	—
Property, plant and equipment, net	10,227
Goodwill	5,646
Intangible Assets	5,490
Operating lease right-of-use assets	302,849
Restricted cash and other non-current assets	51,204
Total assets	\$ 663,393
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 10,894
Accrued expenses and other current liabilities	56,531
Operating lease liability, current portion	67,591
Total current liabilities	135,016
Operating lease liability, net of current portion	239,266
Other non-current liabilities	92
Total liabilities	374,374
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at June 30, 2023 and December 31, 2022	—
Common stock, \$0.01 par value, 250,000 shares authorized; 106,454 and 82,923 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	1,065
Additional paid-in capital	4,328,489
Accumulated other comprehensive loss	(2,364)
Accumulated deficit	(4,038,171)
Total stockholders' equity	289,019
Total liabilities and stockholders' equity	\$ 663,393

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended June 30,		For the six
	2023	2022	2023
Revenue:			
Product revenue, net	\$ 6,837	\$ 1,331	\$ 9,1
Other revenue	53	188	1
Total revenues	6,890	1,519	9,2
Cost of product revenue	9,564	1,745	12,9
Gross margin	(2,674)	(226)	(3,6
Operating expenses:			
Selling, general and administrative	40,349	36,694	77,7
Research and development	42,274	63,841	88,4
Restructuring expenses	—	6,639	—
Total operating expenses	82,623	107,174	166,1
Gain from sale of priority review voucher, net	—	—	92,9
Income (loss) from operations	(85,297)	(107,400)	(76,8
Interest income, net	2,679	174	5,5
Other income (expense), net	9,630	7,088	19,6
Income (loss) before income taxes	(72,988)	(100,138)	(51,7
Income tax (expense) benefit	80	—	—
Net income (loss)	\$ (72,908)	\$ (100,138)	\$ (51,6
Net income (loss) per share - basic	\$ (0.67)	\$ (1.36)	\$ (0.
Net income (loss) per share - diluted	\$ (0.67)	\$ (1.36)	\$ (0.
Weighted-average number of common shares used in computing net income (loss) per share - basic:	108,685	73,767	105,8
Weighted-average number of common shares used in computing net income (loss) per share - diluted:	108,685	73,767	105,8
Other comprehensive income (loss):			
Other comprehensive income (loss), net of tax benefit (expense) of \$0.0 million for the three and six months ended June 30, 2023 and 2022	722	43	1,7
Total other comprehensive income (loss)	722	43	1,7
Comprehensive income (loss)	\$ (72,186)	\$ (100,095)	\$ (49,9

104. The figures presented in ¶ 103 were materially false and misleading because understated lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

105. On November 7, 2023, the Company filed with the SEC its quarterly report on Form 10-Q for the period ending June 30, 2023 (the “3Q23 Report”). Attached to the 3Q23

Report were certifications pursuant to SOX signed by Defendants Obenshain and Krawtschuk attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

106. The 3Q23 Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), *as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.*

(Emphasis added).

107. The statement in ¶ was materially false and misleading at the time it was made because the Company had ineffective internal controls.

108. The 3Q23 Report contained the following graphs, listing the Company's financial results:

bluebird bio, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except par value amounts)

	<u>As of September 30, 2023</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 165,347
Marketable securities	8,946
Accounts receivable	23,000
Prepaid expenses	11,431
Inventory	20,969
Other current assets	17,383
Total current assets	<u>247,076</u>
Marketable securities	—
Property, plant and equipment, net	9,972
Goodwill	5,646
Intangible assets	5,368
Operating lease right-of-use assets	294,717
Restricted cash and other non-current assets	50,829
Total assets	<u>\$ 613,608</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 19,852
Deferred revenue	9,653
Accrued expenses and other current liabilities	57,768
Operating lease liability, current portion	71,684
Total current liabilities	<u>158,957</u>
Operating lease liability, net of current portion	232,023
Other non-current liabilities	92
Total liabilities	<u>391,072</u>
Commitments and contingencies (Note 9)	
Stockholders' equity:	
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and outstanding at September 30, 2023 and December 31, 2022	—
Common stock, \$0.01 par value, 250,000 shares authorized; 107,022 and 82,923 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	1,071
Additional paid-in capital	4,333,594
Accumulated other comprehensive loss	(2,227)
Accumulated deficit	(4,109,902)
Total stockholders' equity	<u>222,536</u>
Total liabilities and stockholders' equity	<u>\$ 613,608</u>

bluebird bio, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except per share data)

	For the three months ended September 30,		For the nine
	2023	2022	2023
Revenue:			
Product revenue, net	\$ 12,281	\$ —	\$ 21,
Other revenue	111	71	
Total revenues	12,392	71	21,
Cost of product revenue	10,955	—	23,
Gross margin	1,437	71	(2,
Operating expenses:			
Selling, general and administrative	40,703	33,402	118,
Research and development	45,463	53,149	133,
Restructuring expenses	—	(1,699)	
Total operating expenses	86,166	84,852	252,
Gain from sale of priority review voucher, net	—	—	92,
Income (loss) from operations	(84,729)	(84,781)	(161,
Interest income, net	2,454	383	7,
Other income (expense), net	10,544	7,885	30,
Income (loss) before income taxes	(71,731)	(76,513)	(123,
Income tax (expense) benefit	—	(7)	
Net income (loss)	\$ (71,731)	\$ (76,520)	\$ (123,
Net income (loss) per share - basic	\$ (0.66)	\$ (0.94)	\$ (1
Net income (loss) per share - diluted	\$ (0.66)	\$ (0.94)	\$ (1
Weighted-average number of common shares used in computing net income (loss) per share - basic:	109,098	81,543	106,
Weighted-average number of common shares used in computing net income (loss) per share - diluted:	109,098	81,543	106,
Other comprehensive income (loss):			
Other comprehensive income (loss), net of tax benefit (expense) of \$0.0 million for the three and nine months ended September 30, 2023 and 2022	137	(214)	1,
Total other comprehensive income (loss)	137	(214)	1,
Comprehensive income (loss)	\$ (71,594)	\$ (76,734)	\$ (121,

109. The figures presented in ¶ 108 were materially false and misleading because understated lease assets and lease liabilities were understated, which would result in an increase in non-cash interest expense.

110. The statements contained in ¶¶ 23, 25, 28, 30, 33, 35, 38, 40, 43, 45, 48, 50, 53, 55, 58, 60, 63, 65, 68, 70, 73, 76, 78, 81, 83, 86, 88, 91, 93, 96, 98, 101, 103, 106, and 108 were

materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) bluebird bio's financial statements from May 5, 2019 to the present were materially false and misleading; (2) inaccurate figures presented in these financial statements would lead to a restatement of bluebird's financial statements for the 2022 fiscal year as well as the first three quarters of 2023; (3) bluebird lacked adequate internal controls; and (4) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH EMERGES

111. On March 26, 2024, before the market opened, the Company filed with the SEC a late filing notice on Form NT 10-K, which stated the following:

bluebird bio, Inc. (the "Company") has determined that it is unable, without unreasonable effort or expense, to file with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K") by the prescribed due date for the reasons described below.

In connection with the preparation of the financial statements of the Company for the year ended December 31, 2023, the Company *identified certain accounting errors relating to the application of U.S. GAAP to certain arrangements with contract manufacturing organizations that are deemed to contain one or more leases for accounting purposes*. As a result, the Company intends to restate its financial statements for the year ended December 31, 2022 and for each of the first three quarters of 2022 and 2023 in the 2023 Form 10-K, the review and preparation of which is currently ongoing. Given the scope of the process to prepare the restatements and related disclosures, the Company requires additional time to prepare and review its financial statements and other disclosures in its 2023 Form 10-K. Therefore, the Company is unable to complete and file the 2023 Form 10-K by the required due date of April 1, 2024.

In addition, the Company has identified a material weakness in its internal control over financial reporting and, as a result, ineffective disclosure controls and procedures continuing to evaluate its internal control over financial reporting and expects to report its

remediation plan and further information regarding the material weakness in the 2023 Form 10-K.

(Emphasis added).

112. Also on March 26, 2024, before the market opened, the Company filed with the SEC a current report on Form 8-K which stated the following:

Non-Reliance on Previously Issued Finance Statements or a Related Audit Report or Completed Interim Review.

In connection with the preparation of the financial statements of the Company for the year ended December 31, 2023, the Company, in consultation with its independent registered public accounting firm, Ernst & Young LLP (“EY”), *identified certain accounting errors relating to the application of U.S. GAAP to certain arrangements with contract manufacturing organizations that are deemed to contain one or more leases for accounting purposes.*

On March 24, 2024, the Audit Committee of the Board of Directors (the “Audit Committee”) of the Company, based on the recommendation of management and after consultation with EY, *concluded that the Company’s previously-issued audited consolidated financial statements for each fiscal year beginning January 1, 2019 and its previously-issued unaudited interim condensed consolidated financial statements for each of the first three quarters in such years, as well as the associated earnings releases and investor presentations or other communications describing such financial statements, were materially misstated and, accordingly, should no longer be relied upon.*

The Company intends to restate its consolidated financial statements as of and for the year ended December 31, 2022 in connection with the filing of its 2023 Form 10-K. Similarly, the Company will include restated unaudited financial information for each of the first three quarters of 2023 and 2022 in its 2023 Form 10-K (each such annual and quarterly period to be restated, a “Restated Period”).

Specifically, *the identified errors resulted from the Company’s identification of embedded leases and the application of its accounting policy for the treatment of non-lease components contained in lease agreements.* The Company’s accounting policy required that lease and non-lease components in agreements with contract manufacturing organizations that are accounted for as leases be combined. *The Company determined that it did not consistently combine such components, resulting in an estimated understatement of lease assets and lease liabilities between \$100 million and \$200 million in the annual Restated Period and an estimated understatement of lease assets and lease liabilities between \$30 million and \$125 million in each of the quarterly Restated Periods.* As a result of the errors, the Company also expects to record an increase in non-cash interest expense in each Restated Period. The Company does not

expect the errors to result in any impact on its cash position or revenue.

Additionally, the Company has determined that the errors resulted from the existence of a material weakness in its internal control over financial reporting that also existed during the Restated Periods and that its internal control over financial reporting was not effective as of December 31, 2023. As a result, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2023.

On March 26, 2024, the Company filed a notification of inability to timely file Form 10-K on Form 12b-25 due to additional time required for the Company to correct the errors described above and prepare restated financial statements. At this time, the Company expects to file the 2023 Form 10-K no later than April 16, 2024. However, there can be no assurance that the Company will be able to prepare restated financial statements and file the 2023 Form 10-K on the timeline anticipated, or that no additional errors will be identified.

(Emphasis added)

113. On this news, the price of bluebird bio Inc. stock went down by \$0.16, or 11.76%, to close at \$1.20 per share on March 26, 2024.

114. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common shares, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

115. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired bluebird securities publicly traded on the NASDAQ during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of bluebird, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

116. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, bluebird securities were actively traded on NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

117. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

118. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

119. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of bluebird;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused bluebird to issue false and misleading filings during the Class Period;

- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of bluebird securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

120. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

121. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- bluebird shares met the requirements for listing, and were listed and actively traded on NASDAQ, an efficient market;
- As a public issuer, bluebird filed periodic public reports;
- bluebird regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- bluebird's securities were liquid and traded with moderate to heavy volume during the Class Period; and

- bluebird was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

122. Based on the foregoing, the market for bluebird securities promptly digested current information regarding bluebird from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

123. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

124. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

125. This Count is asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

126. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

127. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of bluebird securities during the Class Period.

128. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of bluebird were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of bluebird, their control over, and/or receipt and/or modification of bluebird's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning Bluebird, participated in the fraudulent scheme alleged herein.

129. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other bluebird personnel to members of the investing public, including Plaintiff and the Class.

130. As a result of the foregoing, the market price of Bluebird securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Bluebird securities during the Class Period in purchasing Bluebird securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

131. Had Plaintiff and the other members of the Class been aware that the market price of Bluebird securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased bluebird securities at the artificially inflated prices that they did, or at all.

132. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

133. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Bluebird securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

134. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

135. During the Class Period, the Individual Defendants participated in the operation and management of bluebird, and conducted and participated, directly and indirectly, in the

conduct of bluebird's business affairs. Because of their senior positions, they knew the adverse non-public information about Bluebird's false financial statements.

136. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to bluebird's financial condition and results of operations, and to correct promptly any public statements issued by bluebird which had become materially false or misleading.

137. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which bluebird disseminated in the marketplace during the Class Period concerning bluebird's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause bluebird to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Bluebird within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Bluebird securities.

138. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Bluebird.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

THE ROSEN LAW FIRM, P.A.

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